

EARNINGS | ECONOMY

Uber Posts Quarterly Loss Despite Growth

By KALLEY HUANG

Uber on Tuesday reported revenue growth exceeding expectations from Wall Street, suggesting that the company has continued to recover from a pandemic slump as drivers return to the platform. But it posted a net loss, in part because of its investments in other ride-hailing companies.

Revenue was \$8.34 billion for the third quarter, a 72 percent increase from a year earlier. Uber's ride-hailing business grew 73 percent, while its delivery business grew 24 percent. Wall Street analysts forecast revenue of \$8.12 billion and a net loss of \$361 million.

The company said 124 million people used Uber monthly from July through September, up 14 percent from a year earlier. They accounted for 1.95 billion trips, up 19 percent from a year earlier.

Uber's stock price rose nearly 12 percent on Tuesday.

The company reported a net loss of \$1.2 billion in the third quarter, including \$512 million from investing in other ride-hailing services like the Chinese company Didi. It made more money from its business operations than it lost in the third quarter, generating \$358 million in free cash flow.

Dara Khosrowshahi, Uber's chief executive, has emphasized cost-cutting and profitability as other technology companies have sent signals of an industrywide slowdown at a time of persistent inflation, high interest rates and broader economic turbulence.

"Even as the macroeconomic environment remains uncertain, Uber's core business is stronger than ever," Mr. Khosrowshahi said in a statement.

Uber has focused on recruiting and retaining drivers while navigating steep gas prices and legal disputes about how it classifies the employment status of its drivers. It said the number of drivers on the platform was back to prepandemic levels.

On Friday, the company announced a series of safety features for drivers and riders, allowing drivers to film rides and both drivers and riders to record audio during rides. Uber has also changed how its app maps routes for drivers.

Uber is focused on "disciplined cost management to deliver on our growth and profitability commitments," said Nelson Chai, Uber's chief financial officer, in a statement.

In an earnings call with investors on Tuesday morning, Mr. Khosrowshahi said the biggest factor affecting Uber's financials was the strength of the U.S. dollar, which has hurt companies' global sales. He added that the company was "not seeing any signs of consumer weakness" for both its ride-hailing and delivery services.

"While we have looked for signal, we're not seeing any signal" of faltering demand, Mr. Khosrowshahi said, adding, however, "we're going to be cautious going forward."



AMIR HAMJA FOR THE NEW YORK TIMES

Workers unloading packages for delivery in New York last week. If consumers remain willing to pay the heftier prices corporations are charging, inflation will become harder to stamp out.

Prices Are Rising, but Companies See High Demand

FROM FIRST BUSINESS PAGE

other bad outcomes. Although some companies are reporting a nascent slowdown, the signs are far from conclusive.

Demand remains strong despite higher prices.

McDonald's expects to raise prices 10 percent at its restaurants in the United States this year; its leaders said when reporting better-than-expected sales and profits for the third quarter.

"I think because of the strength of the brand and the proposition as evidenced by the results, the consumers are willing to tolerate it," said Chris Kempczinski, the fast-food giant's chief executive.

American Express added customers for platinum and gold cards at a record clip in the United States last quarter, as it reported "great demand" for premium, fee-based products, with younger generations in particular joining.

"As we sit here today, we see no changes in the spending behaviors of our customers, and our credit metrics continue to be strong with delinquencies and write-offs remaining at low levels even as loan balances are steadily rebuilding," Stephen J. Squeri, the company's chief executive, told investors.

He added that the company expected continued momentum based on "really, really strong" travel-related bookings.

Hotels, airlines and related businesses have benefited as consumers have shifted their spending away from goods and toward experiences, giving those companies room to raise prices.

"We're not seeing any signs that fundamentals are weakening," Christopher J. Nassetta, the chief executive at Hilton Worldwide, said on its earnings call with investors. He noted that "rising demand coupled with historically low industry supply growth should continue to drive strong pricing power."

Wyndham Hotels reported that the typical demand drop-off in autumn was less pronounced than usual. Uber said October was set to be its best month ever for ride bookings, thanks in part to the "continued shift of consumer spending from retail back to services," the company's chief executive, Dara Khosrowshahi, said on Tuesday.

At JetBlue, "we're not seeing any cracks in underlying demand," Joanna Geraghty, the airline's chief operating officer, said when describing how it was recovering its earnings after the hit from the pandemic.

Some firms are raising prices to protect their profit margins, and because they can.

PepsiCo raised its sales and profit forecasts for the year, in large part because of consumers' willingness to pay more for soda and snacks.

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"One of our goals clearly is to both gain share and to grow margins. And frankly, that's something that I think we can do," Hugh F. Johnston, PepsiCo's chief financial officer, told analysts.

At Colgate-Palmolive, "we felt it was very important to get ahead of the inflationary environment and take as much pricing as we could," said Noel R. Wallace, the consumer product maker's chief executive. The company raised prices in North America 9 percent in the third quarter from a year earlier, up from a 3 percent bump in the second quarter.

Chipotle Mexican Grill has seen "minimal resistance" to price increases, Brian Niccol, the restaurant chain's chief executive, told investors. In the third quarter, Chipotle increased prices 13 percent from a year earlier, and it expects prices to be up 15 percent year over year this quarter.

Incomes matter when it comes to inflation.

As prices rise, many companies are reporting differing behavior between richer and poorer customers.

In developed markets like the United States, there is a "broad swath of consumers" with more savings than they had before the pandemic, said Michael D. Hsu, the chief executive of Kimberly-

Clark, whose brands include Huggies diapers and Kleenex. The company hasn't seen a "discernible change in behavior" for those customers, he told investors.

But he also described a "bifurcation in demand," noting that many consumers who live paycheck to paycheck are buying less or trading down to cheaper brands. "I grew up in one of those households, and I know what it's like," Mr. Hsu said.

The results from tech giants and others point to an impending slowdown.

The biggest earnings misses came from the tech giants, suggesting that higher inflation and rising interest rates are affecting activity.

Alphabet, the parent of Google, last week reported a big decline in third-quarter earnings, and its executives noted that they were seeing less advertising spending in rate-sensitive financial categories like insurance, loans and mortgages.

A few days later, the chip maker Intel announced a \$10 billion cost-cutting program and lowered its profit forecast for the year. "It's

just hard to see any points of good news on the horizon," its chief executive, Patrick Gelsinger, told investors.

Demand could begin to wane for more products and services as families spend down their pandemic savings and struggle to keep up with climbing costs, especially if the job market begins to slow.

"The back-to-school season was softer than expected as consumer spending continues to be impacted by ongoing inflationary pressures," Monish Patolawala, the chief financial officer of 3M, the conglomerate whose products include adhesive tape and Post-it notes. "Looking ahead, we anticipate these impacts to continue throughout the upcoming holiday season."

Indeed, Mattel, the toymaker behind Barbie and Hot Wheels, cut its profit forecast, with its chief executive, Ynon Kreiz, citing "increased volatility heading into the latter part of the year."

Mattel plans more discounts and promotions to shift unsold inventory, suggesting that for some products, price increases have hit their ceiling.

Information to identify the case:

Debtors: Compute North Holdings, Inc., et al., EIN: 85-3774534

United States Bankruptcy Court for the Southern District of Texas

Case Number: 22-90273 (MJ); Date case filed for chapter 11: 09/22/2022

Official Notice 309F1 (For Corporations or Partnerships)

Notice of Chapter 11 Bankruptcy Case

This notice has more information about the case for creditors and debtors, including information about the meeting of creditors and deadlines. Read this notice carefully.

The filing of this case imposed an automatic stay against most collection activities. This means that creditors generally may not take action to collect debts from the debtor or the debtor's property. For example, while the stay is in effect, creditors cannot sue, assert a deficiency, repossess property, or otherwise try to collect from the debtor. Creditors cannot demand repayment from the debtor by mail, phone, or otherwise. Creditors who violate the stay can be required to pay actual and punitive damages and attorney's fees.

Confirmation of a chapter 11 plan may result in a discharge of debt. A creditor who wants to have a particular debt excused from discharge may be required to file a complaint in the bankruptcy clerk's office within the deadline specified in this notice. (See below for more information.)

To protect your rights, consult an attorney. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below or through PACER (Public Access to Court Electronic Records at pacer.uscourts.gov).

The staff of the bankruptcy clerk's office cannot give legal advice.

Do not file a claim in this case. File a claim in the case administered by the bankruptcy trustee. Trustee Tax ID: Case Number: Compute North Holdings, LLC, 85-3774534

Address: 775 Corporate Park Way, Eden Prairie, Minnesota 55344.

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Member LLC, 87-3758639, 22-90283 (MJ); Compute North NC08 LLC, 87-4409871, 22-90274 (MJ); Compute North NY09 LLC, 87-3758640, 22-90285 (MJ); Compute North NC10 LLC, 87-3758641, 22-90286 (MJ); Compute North NC11 LLC, 87-3758642, 22-90287 (MJ); Compute North TX02 LLC, 87-3758643, 22-90288 (MJ); Compute North TX03 LLC, 87-3758644, 22-90289 (MJ); Compute North TX04 LLC, 87-3758645, 22-90290 (MJ); Compute North TX05 LLC, 87-3758646, 22-90291 (MJ); Compute North TX06 LLC, 87-3758647, 22-90292 (MJ); Compute North TX07 LLC, 87-3758648, 22-90293 (MJ); Compute North TX08 LLC, 87-3758649, 22-90294 (MJ); Compute North TX09 LLC, 87-3758650, 22-90295 (MJ); Compute North TX10 LLC, 87-3758651, 22-90296 (MJ); Compute North TX11 LLC, 87-3758652, 22-90297 (MJ); Compute North TX12 LLC, 87-3758653, 22-90298 (MJ); Compute North TX13 LLC, 87-3758654, 22-90299 (MJ); Compute North TX14 LLC, 87-3758655, 22-90300 (MJ); Compute North TX15 LLC, 87-3758656, 22-90301 (MJ); Compute North TX16 LLC, 87-3758657, 22-90302 (MJ); Compute North TX17 LLC, 87-3758658, 22-90303 (MJ); Compute North TX18 LLC, 87-3758659, 22-90304 (MJ); Compute North TX19 LLC, 87-3758660, 22-90305 (MJ); Compute North TX20 LLC, 87-3758661, 22-90306 (MJ); Compute North TX21 LLC, 87-3758662, 22-90307 (MJ); Compute North TX22 LLC, 87-3758663, 22-90308 (MJ); Compute North TX23 LLC, 87-3758664, 22-90309 (MJ); Compute North TX24 LLC, 87-3758665, 22-90310 (MJ); Compute North TX25 LLC, 87-3758666, 22-90311 (MJ); Compute North TX26 LLC, 87-3758667, 22-90312 (MJ); Compute North TX27 LLC, 87-3758668, 22-90313 (MJ); Compute North TX28 LLC, 87-3758669, 22-90314 (MJ); Compute North TX29 LLC, 87-3758670, 22-90315 (MJ); Compute North TX30 LLC, 87-3758671, 22-90316 (MJ); Compute North TX31 LLC, 87-3758672, 22-90317 (MJ); Compute North TX32 LLC, 87-3758673, 22-90318 (MJ); Compute North TX33 LLC, 87-3758674, 22-90319 (MJ); Compute North TX34 LLC, 87-3758675, 22-90320 (MJ); Compute North TX35 LLC, 87-3758676, 22-90321 (MJ); Compute North TX36 LLC, 87-3758677, 22-90322 (MJ); Compute North TX37 LLC, 87-3758678, 22-90323 (MJ); Compute North TX38 LLC, 87-3758679, 22-90324 (MJ); Compute North TX39 LLC, 87-3758680, 22-90325 (MJ); Compute North TX40 LLC, 87-3758681, 22-90326 (MJ); Compute North TX41 LLC, 87-3758682, 22-90327 (MJ); Compute North TX42 LLC, 87-3758683, 22-90328 (MJ); Compute North TX43 LLC, 87-3758684, 22-90329 (MJ); Compute North TX44 LLC, 87-3758685, 22-90330 (MJ); Compute North TX45 LLC, 87-3758686, 22-90331 (MJ); Compute North TX46 LLC, 87-3758687, 22-90332 (MJ); Compute North TX47 LLC, 87-3758688, 22-90333 (MJ); Compute North TX48 LLC, 87-3758689, 22-90334 (MJ); Compute North TX49 LLC, 87-3758690, 22-90335 (MJ); Compute North TX50 LLC, 87-3758691, 22-90336 (MJ); Compute North TX51 LLC, 87-3758692, 22-90337 (MJ); Compute North TX52 LLC, 87-3758693, 22-90338 (MJ); Compute North TX53 LLC, 87-3758694, 22-90339 (MJ); Compute North TX54 LLC, 87-3758695, 22-90340 (MJ); Compute North TX55 LLC, 87-3758696, 22-90341 (MJ); Compute North TX56 LLC, 87-3758697, 22-90342 (MJ); Compute North TX57 LLC, 87-3758698, 22-90343 (MJ); Compute North TX58 LLC, 87-3758699, 22-90344 (MJ); Compute North TX59 LLC, 87-3758700, 22-90345 (MJ); Compute North TX60 LLC, 87-3758701, 22-90346 (MJ); Compute North TX61 LLC, 87-3758702, 22-90347 (MJ); Compute North TX62 LLC, 87-3758703, 22-90348 (MJ); Compute North TX63 LLC, 87-3758704, 22-90349 (MJ); Compute North TX64 LLC, 87-3758705, 22-90350 (MJ); Compute North TX65 LLC, 87-3758706, 22-90351 (MJ); Compute North TX66 LLC, 87-3758707, 22-90352 (MJ); Compute North TX67 LLC, 87-3758708, 22-90353 (MJ); Compute North TX68 LLC, 87-3758709, 22-90354 (MJ); Compute North TX69 LLC, 87-3758710, 22-90355 (MJ); Compute North TX70 LLC, 87-3758711, 22-90356 (MJ); Compute North TX71 LLC, 87-3758712, 22-90357 (MJ); Compute North TX72 LLC, 87-3758713, 22-90358 (MJ); Compute North TX73 LLC, 87-3758714, 22-90359 (MJ); Compute North TX74 LLC, 87-3758715, 22-90360 (MJ); Compute North TX75 LLC, 87-3758716, 22-90361 (MJ); Compute North TX76 LLC, 87-3758717, 22-90362 (MJ); Compute North TX77 LLC, 87-3758718, 22-90363 (MJ); Compute North TX78 LLC, 87-3758719, 22-90364 (MJ); Compute North TX79 LLC, 87-3758720, 22-90365 (MJ); Compute North TX80 LLC, 87-3758721, 22-90366 (MJ); Compute North TX81 LLC, 87-3758722, 22-90367 (MJ); Compute North TX82 LLC, 87-3758723, 22-90368 (MJ); Compute North TX83 LLC, 87-3758724, 22-90369 (MJ); Compute North TX84 LLC, 87-3758725, 22-90370 (MJ); Compute North TX85 LLC, 87-3758726, 22-90371 (MJ); Compute North TX86 LLC, 87-3758727, 22-90372 (MJ); Compute North TX87 LLC, 87-3758728, 22-90373 (MJ); Compute North TX88 LLC, 87-3758729, 22-90374 (MJ); Compute North TX89 LLC, 87-3758730, 22-90375 (MJ); Compute North TX90 LLC, 87-3758731, 22-90376 (MJ); Compute North TX91 LLC, 87-3758732, 22-90377 (MJ); Compute North TX